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29 MAR 1973

MEMORANDUM FOR: Deputy Director for Operations

SUBJECT: ITT/Chile Press Coverage 28 March 1973
and Other Developments

1. The 28 March press gave wide coverage to the attempt by the Church Subcommittee staff to question Ambassador Korry about his knowledge of a "reported" \$400, 000 fund of the CIA for propaganda action against Salvador Allende in 1970. The Subcommittee questions could have been based on information from a former State Department officer. On 6 March the Legal Adviser of the Department of State informed Mr. Lawrence Houston that he had heard that Mr. John R. Marks, an Executive Assistant of Senator Clifford Case, had been with State until about September 1970 and had been aware of approval of a fund in six figures by the 40 Committee for political action in Chile against the candidacy of Salvador Allende. Marks was reported to be "working to some extent" with the staff of the Church Subcommittee. It should be noted, however, that the information provided by the DCI to the Senate CIA Subcommittee the afternoon of 13 March 1973, when Senator Church was also invited to attend, did include reference to Chilean operations in 1970 involving the sum of some \$400, 000 in a spoiling operation, not on behalf of any individual candidate, but rather in propaganda and other means for calling attention to the dangers of an Allende victory."

2. The Jeremiah O'Leary article in the Washington Star of 27 March quoted almost the entire text of the DCI's letter of the previous day to Senator Church in which the DCI agreed to allow Mr. William V. Broe to testify before the Subcommittee in executive session. This is another example of a leak of CIA material by the Subcommittee.

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4. The morning of 28 March a person familiar with ITT planning for these hearings reported that "draft number three" of Harold S. Genseen's proposed remarks for his scheduled appearance before the Subcommittee, now changed to 2 April from 29 March, "looked like the decision had been taken to drop John McCone as a director of ITT" because he had acted as a consultant to CIA without informing Mr. Genseen

Theodore G. Shackley

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